

**Audit Report
Incident Command
Assignment (ICA)/Incident
Command Team (ICT) Pay**



**Prepared by:
CAL FIRE Office of Program Accountability
February 2010**

Preface

In September 2008, the CAL FIRE Office of Program Accountability (OPA) was asked by CAL FIRE's Deputy Director for Management Services to perform an audit of incident timesheets to ensure that employees who claimed and were compensated for incident overtime pay actually qualified for the pay according to current procedures.

In response, OPA reviewed qualifying work assignments, propriety of pay, and payment reporting to CALSTARS, focusing on Incident Command Assignment (ICA) and Incident Command Team (ICT) pay claimed during the months of June and July 2008.

The ICA pay differential is for eligible excluded employees who are exempt from the provisions of the Fair Labor Standards Act (FLSA). The intent of the ICA differential is to compensate eligible employees when they are assigned to, or participate in, the management of an emergency incident(s) and work at prescribed management position levels. ICA is also authorized for trainee assignments so those eligible employees can qualify to fill positions at the prescribed management position levels.

The ICT pay differential is for eligible employees that are appointed to an Incident Command Team for a 12-month commitment and participation. ICT is also authorized for trainee assignments, so employees serving in those eligible positions, as defined in Section 1037.4.2 of the CAL FIRE Personnel Procedures Handbook, are eligible for payment of ICT.

The purpose of this audit was to determine whether ICA and/or ICT pay was earned only for qualifying work assignments, and that proper substantiations existed; whether ICA and/or ICT pay was accurate, documented, and properly calculated, and whether ICA and/or ICT pay was properly reported into CALSTARS.

OPA staff reviewed a sample of 126 timesheets where ICA pay was claimed by the employee and 194 transactions of ICT pay. Our review has revealed several exceptions and indicates a need for strengthened policies and procedures for claiming and paying ICA and ICT pay.

We thank the Personnel Office and both the Northern and Southern Regions for their assistance with this review. The information received from all of the individuals involved helped us to identify needed improvements in the administering of ICA and ICT pay.

This report presents the results of our review.

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Auditor's Report

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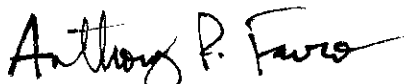
In October 2009, the Office of Program Accountability (OPA) completed its audit of Incident Command Assignment (ICA) and Incident Command Team (ICT) pay for employees within the California Department of Forestry and Fire Protection (CAL FIRE). Our review was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors. The review included the audit tests we considered necessary to determine that administrative controls are in place and operative.

CAL FIRE management is responsible for establishing and maintaining adequate internal control. This responsibility, in accordance with Government Code, Sections 13404 et seq., includes documenting internal control, communicating requirements to employees, and assuring that internal control is functioning as prescribed. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

The findings of our audit reveal a difficulty in consistent application of ICA and ICT pay. In general, we found ICA being claimed and paid for what appear to be non-qualifying assignments, inconsistencies in the calculation and coding of pay, lack of substantiation when required by policy, the overpayment of ICT pay, and a high error rate. In addition, we also noted the need to better document the calculation of ICA pay. All of these findings indicate a weakness in the understanding, interpretation, and application of ICA and ICT pay.

OPA believes these weaknesses can be addressed by strengthening the policies and procedures for ICA and ICT pay and by ensuring that the individuals responsible for claiming, approving, and processing ICA and ICT pay are properly and regularly trained.

This report is intended for the information and use of CAL FIRE management, and is not intended to be used by anyone other than the designated parties.



Anthony P. Favro, Chief
Office of Program Accountability

February 12, 2010

Findings and Recommendations

Finding #1 – Non-Qualifying Work Assignments

Condition:

The Office of Program Accountability (OPA) reviewed a sample of 126 timesheets (CDF 634-E/SE – Work Week Group E/SE Absence, Holiday Credit Earned and Assignment Report) and FC-33s (Personnel and Equipment Report) where Incident Command Assignment (ICA) pay was claimed by employees. After comparing the Resource ID entered on the FC-33s to the list of qualifying work assignments in Section 1037.5.3 of the CAL FIRE Personnel Procedures Handbook, OPA found 55 occasions (32 from the Northern Region and 23 from the Southern Region) where the Resource ID on the FC-33 did not match any of the qualifying work assignments for ICA pay.

Criteria:

Section 1037.5 of the Personnel Procedures Handbook states that the intent of the ICA differential is to compensate eligible employees when they are assigned to, or participate in, the management of an emergency incident(s) and work at prescribed management position levels. Section 1037.5.3 lists the work assignments that qualify for ICA pay, and Section 1037.5.4 B states that eligible employees shall submit the required documents to their supervisor (i.e., Unit Chief, Assistant Region Chief, Region Chief, Assistant Deputy Director, or Assistant State Fire Marshal) for review and signature approval.

Cause:

Employees claimed ICA pay and listed Resource IDs that either do not appear to qualify or are too vague to determine whether they qualify for ICA pay. Some examples of vague Resource IDs are: STL-9272C, Overhead, June Lightning Support, Critical Overhead –IC, NEU June Cover – Wind, Dozer B, C2600, Subject Matter Expert – Automotive, Soft-1, and Fireworks Interdiction #1.

Effect:

If employees do not identify the Resource ID with a qualifying work assignment listed in the handbook it is difficult to determine whether ICA pay is properly earned. If the Department pays ICA for non-qualifying work assignments, it will incur unnecessary ICA costs.

Recommendation:

Employees should properly identify Resource IDs on the Personnel and Equipment Report (FC-33) with qualifying work assignments listed in Section 1037.5.3 of the Personnel Procedures Handbook.

If the handbook does not list all current qualifying work assignments, it should be updated accordingly.

Supervisors should ensure that employees are eligible for ICA pay prior to approving timesheets.

Management Services Response:

Management Services, in cooperation with the Region staff and Fire Protection, is currently working on a handbook amendment that will clarify qualifying work assignments.

Fire Protection Program Response:

Fire Protection is working with Management Services and Region Staff on a handbook amendment that will further clarify qualifying work assignments. In addition, Fire Protection and the Regions are working with supervisors to ensure employees are accurately identifying the appropriate resource identification for qualifying work assignments.

Northern Region Response:

We concur that employees should assure the FC-33 properly identifies the assignment in the Resource Identifier. After our review of the 32 timesheets and FC-33s for Northern Region that were identified in the audit, we found that eleven (11) FC-33s did need additional justification or corrected resource identifiers.

We concur that justification should be provided as stated in handbook policy 1037.5.4 if the assignment is not identified in the qualifying work assignments listed in handbook Section 1037.5.3.

We found that three FC-33 forms had explanations in remarks, which assisted in identifying the assignment. Four FC-33 forms had Chief Officer or Unit Duty Officer which our current policy allows when major incident activity occurs (in their unit, region, or state) depending on location of the Duty Chief assignment. There were six FC-33 documents identifying Command and General Staff positions or those with the complexity of a Command and General staff position.

The majority of the FC-33s that had resource identifiers in question had been completed by a time recorder at the incident. The time recorders may not know the proper

mnemonic for the ICS position, in other cases the correct mnemonic was used on the FC-33 but not recognized as one of the qualifying assignments listed in policy.

We do concur that supervisors should ensure that employees are eligible for ICA pay prior to approving timesheets and that the proper justification is attached for the "management need" assignments.

Southern Region Response:

We concur with the recommendations as stated in the Draft Report. In addition, we believe the current ICA Policy should be reviewed and updated to insure that all appropriate qualifying work assignments are included in policy.

Finding #2 – ICA Pay Criteria Vague

Condition:

CAL FIRE Personnel Procedures outlines the ICA pay criteria and procedures. The current procedures for documenting and calculating ICA pay are complicated and open to interpretation. A defined methodology should be developed so that everyone can follow the procedures, apply the same criteria, and calculate pay the same way.

Criteria:

CAL FIRE Personnel Procedures Handbook section 1037.5 outlines the ICA pay differential. Items such as pay rate, work assignments, and documentation are discussed in the procedures, however, they are vague and confusing. An example of vague and confusing procedures include when an employee “resets” their time and how many days are needed to be reset.

Cause:

The current policy is vague, confusing, and open to interpretation.

Effect:

Inconsistent application of current policy results in various employees having their ICA pay calculated and paid differently from others.

Recommendation:

The policy should be updated to reflect clear procedures to identify when an employee qualifies for ICA pay, which work assignments qualify for ICA pay, properly documenting “management need” for work assignments, and how to correctly calculate pay. This could be accomplished through development and utilization of a worksheet with these items on it.

Management Services Response:

The handbook amendment referenced in the response to Finding #1 will clarify payment criteria. The suggested worksheet for pay calculation will be explored with Region personnel staff.

Fire Protection Response:

Fire Protection is working with Management Services and the Regions to update policy and ensure employees and supervisors are properly documenting the “management need” for work assignments.

Northern Region Response:

The current policy dated October 2007 appears to reflect clear procedures for proper documentation and calculating pay. We do concur however that personnel have not been providing proper documentation for "management need" work assignments.

We also concur that a worksheet to calculate pay would help make it easier and clearer for the Personnel Specialists to accurately calculate ICA pay. A separate set of instructions for the Personnel Specialists, has been developed and may currently be in use. To date these instructions do not appear to be incorporated into the 1037 ICA Handbook policy. Existing policy and the worksheet appear to conflict which could lead to confusion particularly when an employee "resets" their time and how many days are needed to be reset.

Southern Region Response:

We concur with the recommendations as stated in the Draft Report.

Auditor's Note:

If separate instructions for calculating ICA pay have been developed for and are in use by Personnel Specialists as referenced above, CAL FIRE should consider formalizing these instructions and incorporating them into Department policy so that they are used by all Personnel Specialists throughout the Department.

Finding #3 – ICA Pay Incorrectly Coded

Condition:

OPA was unable to trace the ICA pay to financial records for 16 of the 126 timesheets reviewed. Object code 083.08 is used to record ICA pay. However, it does not appear that any of the 16 timesheets were coded to object code 083.08. As a result, ICA pay for these 16 employees (10 from the Northern Region and 6 from the Southern Region) was not included in the CALSTARS "YTD by Employee Name" Report.

On one specific occasion, ICA pay was incorrectly coded to ICT pay for an employee in the Fire Protection Program. Additionally, the employee was incorrectly paid the differential twice.

Criteria:

Section 3762.1 of the Accounting Procedures Handbook states: "To provide the information required by the CALSTARS cost accounting system, the following entry must be made on each expenditure document." This section further states that the Object Code is listed as a required entry and instructs users to enter the three (3), or five (5) digits that identify the appropriate object of the expenditure.

Section 3762.4.3 of the same handbook provides descriptions of each object code used by CAL FIRE for coding documents for payment. Specifically, Object Code 083.07 is used for ICT – Incident Command Team Pay Differential – Payment to home base PCA, and Object Code 083.08 is used for ICA – Incident Command Assignment – All Emergencies (Fire or Non fire)

Section 3762.4.1.1 of the Accounting Procedures Handbook, Object Code Master Guide, lists ICA - Incident Command Assignment - All emergencies (Fire or Non fire) as object code 083.08.

Government Code Section 13403 states that a satisfactory system of internal accounting and administrative control shall include: "A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."

Cause:

It appears that Personnel Services Specialists are not using correct object codes when keying ICA pay into PACMANS.

In the specific occasion cited, the Headquarters Personnel Office incorrectly paid the differential twice.

Effect:

The total ICA pay will be understated if all expenses are not posted to the correct object code.

In the specific occasion cited, the employee received a pay differential twice when he should have only received one differential payment.

Recommendation:

Personnel Services Specialists should be properly trained to correctly code ICA pay.

For the specific overpayment described above, the Headquarters Personnel Office should establish an accounts receivable for the employee to recoup the overpayment. In general, Pay History should be reviewed prior to issuing a pay differential to ensure overpayments do not occur. Also, proper coding should be used.

Management Services Response:

PACMANS coding information will be included in the ICA and ICT instructions for the Personnel Specialists. The ICA overpayment for the employee in Fire Protection is currently being addressed.

Northern Region Response:

We concur that the Personnel Specialists should be properly trained to correctly code ICA pay. In researching the timesheets in question, we found that they were properly coded to the correct object code 083.08 as identified in HFD.

Southern Region Response:

We concur with the recommendations as stated in the Draft Report.

Finding #4 – No Substantiation for Management Need Assignments

Condition:

None of the 126 timesheets reviewed included a substantiation for incident command assignments made to meet a management need. However, as Finding #1 indicated, 55 FC-33s listed a Resource ID that did not match the list of qualifying work assignments in Section 1037.5 of the Personnel Procedures Handbook. Assuming that the list in the handbook is current, those 55 FC-33s (32 from the Northern Region and 23 from the Southern Region) may have been made to meet a management need. If so, the timesheet should have included a substantiation for ICA pay.

Criteria:

Section 1037.5.4 of the Personnel Procedures Handbook states that when an eligible employee meets the qualifying work assignment criteria by being assigned by the Unit Chief, Area, or Region Chief an incident management position based on management need, the employee must attach substantiation to the CAL FIRE 634 E/SE.

Cause:

It would appear that either a lack of adequate training or the confusing nature of the ICA pay differential have caused employees to fail to get the required substantiation for ICA pay. Also, personnel turnover in the units and on Incident Command Teams contribute to the lack of substantiations.

Effect:

When employees do not attach the required substantiation to their timesheet, CAL FIRE is not able to ensure consistent application of ICA pay statewide.

Recommendation:

Personnel Specialists should be instructed to reroute timesheets for proper approval when an employee's FC-33 has a Resource ID that does not match the list of qualifying work assignments in the Personnel Procedures Handbook and who has not attached a substantiation for an assignment based on a management need.

Unit Chiefs, Region Chiefs, Assistant Region Chiefs, Deputy Directors, and Assistant Deputy Directors should be trained to ensure that employees include with their timesheets substantiations for incident command assignments that are based on a management need and not on the list of qualifying work assignments in the Personnel Procedures Handbook.

Management Services Response:

Personnel Specialist instructions will be revised to include returning a timesheet to the Administrative Officer if substantiation of a management need assignment is not included.

Fire Protection Response:

Fire Protection is working with both Regions to ensure employees are including complete documentation with their timesheets substantiating the incident command assignment based on management need.

Northern Region Response:

We concur with the recommendation and agree that the timesheets/FC-33s should be rerouted to the employee should the substantiation not be provided for an assignment based on "management need."

The Unit Chiefs will receive an ICA refresher regarding the required substantiations for ICA assignments based on management need and not on the qualifying work assignments listed in the Personnel Procedures Handbook.

Southern Region Response:

We concur with the recommendations as stated in the Draft Report. Additionally, emphasis must be placed on approvers, to insure that policy requirements are met and that allowable exceptions are appropriately documented.

Finding #5 – ICT Pay Not Prorated

Condition:

One Northern Region employee received the ICT pay differential for a six month period but only worked for two months. The employee was paid the full differential amount when he should have only received 1/3 of the amount because he only participated for two out of six months.

Criteria:

Section 1037.4.6 of the Personnel Procedures Handbook states: "If an employee is not committed to an ICT for the entire 6-month period, payment shall be pro-rated for months served."

Cause:

The Personnel Specialist did not prorate the ICT pay differential.

Effect:

The employee was overpaid.

Recommendation:

The Northern Region should establish an accounts receivable for the employee to recoup the overpayment.

Northern Region response:

We concur with the recommendation. The employee will be notified and an Accounts Receivable will be established to recoup the overpayment.

Finding #6 – Undocumented ICT Payment

Condition:

One Northern Region employee had pay coded to ICT pay; however, the employee does not appear on any ICT Rosters for 2007, 2008, or 2009. In addition, the Northern Region does not have a Differential Pay Certification Form (PO-164) on file for the employee. OPA attempted, on several occasions to no avail, to obtain the timesheet to determine whether this pay was ICA pay incorrectly coded to ICT pay. This coding error has happened in the past.

Criteria:

CAL FIRE Personnel Procedures Handbook section 1037.4 states that the Incident Command Team pay differential is for eligible employees that are appointed to an Incident Command Team for a 12-month commitment and participation.

CAL FIRE Personnel Procedures Handbook section 1037.5 states that the Incident Command Assignment pay differential is for eligible excluded employees who are exempt from the provisions of the Fair Labor Standards Act.

Cause:

The cause is undetermined because OPA has been unable to obtain the necessary documentation. It appears as though the payment was either incorrectly coded or was incorrectly paid.

Effect:

Either ICA pay was miscoded and ICT payments are overstated, or ICT was incorrectly paid and needs to be recouped from the employee.

Recommendation:

The Northern Region Personnel Office should determine whether ICT pay was incorrectly paid or whether ICA pay was incorrectly coded to ICT pay. If ICT pay was incorrectly paid, the Northern Region should establish an accounts receivable to recoup the overpayment.

Northern Region Response:

In review of the pay history for May 2007, pay did not issue for ICA or ICT. However, we did find that the employee submitted a timesheet for May 2008 for ICA while working for Sacramento Headquarters. The pay was keyed incorrectly using the ICT serial number 958 and at the ICT pay rate of \$1769. The pay should have been keyed as

ICA, using the ICA serial number 959 and the ICA pay rate calculation. The employee has been underpaid in the gross amount of \$123.64.

Finding #7 – ICT Pay Documents Not Complete

Condition:

Three Southern Region employees had Differential Pay Certification Forms (PO-164) that were not signed by an Approving Officer.

Criteria:

CAL FIRE Personnel Procedures Handbook section 1037.4.4 states that the Incident Commander is responsible for completing an Incident Command Team (ICT) Differential Pay Certification Form (PO-164), for each eligible employee by June 15 and December 15 of each year. The Incident Commander will forward the original certification form to the employee's Region or Sacramento Headquarters Personnel Office for payment and a copy to the employee.

When the ICT differential pay is for the Incident Commander, the ICT Differential Pay Certification form should be approved by the Region Operations Section Chief.

Cause:

The proper Approving Officer did not sign a PO-164 for each eligible employee.

Effect:

Differential payments are not properly authorized if the PO-164 is not signed.

Recommendation:

The proper Approving Officer should complete and sign a PO-164 for each eligible employee on his or her team.

Southern Region Response:

The Southern Region will initiate action to insure that all PO-164s are appropriately signed by an approving official.

Finding #8 – ICT Rosters Not Properly Maintained

Condition:

ICT Rosters are not properly maintained. Two Southern Region employees who do not appear on the ICT Roster were paid ICT. OPA obtained Differential Pay Certification Forms (PO-164) for the employees that indicate they were on command teams and eligible for ICT at the time, but the employees do not appear on the appropriate roster.

Criteria:

CAL FIRE Personnel Procedures Handbook section 1037.4.4 states the Incident Commander is responsible for completing an Incident Command Team (ICT) Differential Pay Certification Form (PO-164) for each eligible employee by June 15 and December 15 of each year.

Cause:

Team Rosters are not updated with changes, and a chronological history is not maintained.

Effect:

OPA is unable to determine the validity of the differential payment to an employee when Team Rosters are not properly maintained.

Recommendation:

Rosters should be properly updated and maintained. A chronological history should be maintained to document the various changes as they occur to the teams.

Fire Protection Response:

Fire Protection will work with both Regions to ensure coordinated and updated ICT rosters.

Southern Region Response:

The Southern Region will initiate action to insure that all ICT Rosters are current, and that updates are published as changes occur.

Discussion Item #1 – Documenting ICA Calculations

In the course of its review, OPA found that some timesheets included documented ICA calculations, but others did not. In fact, 59 of the 126 timesheets reviewed (or 47%) lacked documented calculations for ICA pay.

OPA was able to verify the ICA pay for 43 of those 59 timesheets by tracing them to the "PS Research Year to Date (YTD) by Employee Name" report in the CALSTARS Historical Financial Database (HFD). However, OPA was unable to trace the remaining 16 timesheets to the HFD report and thus has not been able to determine how much these 16 employees earned in ICA pay.

Although the Personnel Procedures Handbook does not currently require that ICA calculations be documented and included with the timesheet, California Government Code does state that a satisfactory system of internal accounting and administrative control shall include "a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."

If they are not documented, ICA pay calculations cannot be verified for accuracy. For audit purposes, OPA recommends that the Department include in its policy on ICA pay that ICA calculations be documented on employee timesheets. The Personnel Procedures Handbook should be updated to require that all Personnel Specialists document ICA calculations on timesheets.

As an alternative, since timesheets already contain a significant amount of information, OPA recommends that an ICA calculation worksheet be developed and required as an attachment to any timesheet on which ICA is claimed. Development of a worksheet would provide a standardized calculation format and an opportunity to document "management need" for the work assignment. Since ICA procedures are currently under revision, this would be an opportune time to add this update.

Discussion Item #2 – High Error Rate

After review of the 126 timesheets, OPA noted a high error rate of occurrences as follows:

- 55 timesheets (44%) have job titles that do not qualify for ICA pay, according to Personal Procedures Handbook, section 1037.5.3.
- 16 timesheets (13%) were not properly entered in CAL FIRE financial data.

Government Code Section 13403 states that a satisfactory system of internal accounting and administrative control shall include: "A system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures."

Contributing factors to these errors are incident personnel turnover and a great leeway in providing justifications for work assignments. When work assignments are not properly justified, employees who may not qualify for ICA pay may receive it. When coding errors exist, inaccurate financial data is provided to the Department and its control agencies. Adequate training should be provided to personnel handling ICA and ICT pay to ensure the turnover rate of employees does not negatively impact both incident and financial records.